

ORIGINAL

MEMORANDUM



0000169474

TO: Docket Control

FROM: Thomas M. Broderick
for Director
Utilities Division

Amigos

DATE: April 5, 2016

RE: STAFF REPORT FOR LIBERTY UTILITIES (LITCHFIELD PARK WATER AND SEWER) CORP. - APPLICATIONS FOR EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER AND WASTEWATER UTILITY SERVICE TO A PORTION OF MARICOPA COUNTY (DOCKET NO. SW-01428A-15-0259)

Attached is the Staff Report for the application of Liberty Utilities (Litchfield Park Water and Sewer), Corp. for extension of its existing Certificate of Convenience and Necessity ("CC&N"). Staff is recommending approval with conditions.

TMB:BNC:red\RRM

Originator: Blessing Chukwu

Arizona Corporation Commission

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Docket No. SW-01428A-15-0259

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

LIBERTY UTILITIES (LITCHFIELD PARK WATER AND SEWER) CORP.

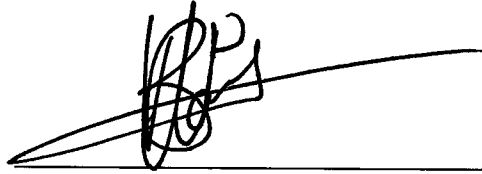
DOCKET NO SW-01428A-15-0259

**APPLICATION FOR EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE
AND NECESSITY**

APRIL 5, 2016

STAFF ACKNOWLEDGMENT

The Staff Report for Liberty Utilities (Litchfield Park Water and Sewer) Corp. (Docket No. SW-01428A-15-0259) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the application. Dorothy Hains was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', written over a horizontal line.

Blessing Chukwu
Executive Consultant

A handwritten signature in black ink, appearing to be 'Dorothy Hains', written over a horizontal line.

Dorothy Hains
Utilities Engineer

EXECUTIVE SUMMARY
LIBERTY UTILITIES (LITCHFIELD PARK WATER AND SEWER) CORP.
DOCKET NO. SW-01428A-15-0259

On July 10, 2015, Liberty Utilities (Litchfield Park Water and Sewer), Corp. ("Liberty" or "Applicant" or "Company") filed an Application for extension of its Certificates of Convenience and Necessity ("CC&N") with the Arizona Corporation Commission ("ACC" or "Commission") to provide wastewater utility service to a portion of Maricopa County. On July 28, 2015, Maricopa County Municipal Water Conservation District Number One ("MWD") filed its Application to Intervene. On August 7, 2015, MWD was granted intervention by Procedural Order. On January 11, 2016, Staff informed Liberty that its application was sufficient for administrative purposes. The hearing is set for April 26, 2016.

Liberty is requesting Commission approval to serve Zanjero Trails development. The requested area will be developed in phases and the expected build out period is over 20 years.

Staff believes there are circumstances where the issuance of an Order Preliminary is the most logical and reasonable course of action. Such circumstances include where a number of issues remain unresolved and are subject to future events outside of the Applicant's control and where there is a need to provide a degree of certainty whether a given Applicant should be granted approval subject to the occurrence of anticipated events.

Staff believes that the construction planning horizon should be based on a reasonable projection of growth. In this matter, Staff has assumed a reasonable projection of growth exists through 2025 (ten years). Staff selected ten years as a reasonable construction planning horizon. Phase I and II construction is projected to be completed within ten years. Staff believes the timing of construction in Phases III through VI is a lot more speculative and uncertain (over 20 years). Because the landowner has demonstrated need and requested service and in light of the magnitude of the requested area, the current economic conditions, the expected build out period and the fact that the timing of the construction in Phases III through VI is speculative, Staff believes granting an Order Preliminary to a CC&N is appropriate for Phases III through VI.

Zanjero Trails Phases I and II

Staff recommends the Commission approve Liberty's application for extension of its CC&N for wastewater service to Zanjero Trails Phases I and II, located in a portion of Maricopa County, Arizona, subject to compliance with the following conditions:

1. To require Liberty to charge its existing rates and charges in the proposed extension area.
2. To require Liberty to file with Docket Control an amended legal description for Phases I and II prior to the hearing in this matter.
3. To require Liberty to file with Docket Control an amended legal description for Phases III through VI prior to the hearing in this matter.

4. To require Liberty to file with Docket Control, a copy of the county franchise agreement for the extension area as a compliance item in this docket no later than December 31, 2017.
5. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase I Development area no later than December 31, 2017.
6. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase II Development area no later than December 31, 2021.
7. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the Palm Valley Water Reclamation Facility expansion to 6.55 MGD no later than December 31, 2022.

Staff further recommends that the Commission's Decision granting this extension of CC&N to Liberty, for Zanjero Trails Phases I and II, be considered null and void, after due process, should Liberty fail to meet Conditions Nos. 3, 4, 5, 6 and 7 within the time specified.

Zanjero Trails Phases III, IV, V and VI

Staff recommends the Commission issue an Order Preliminary to Liberty for extension of its CC&N for wastewater service to Zanjero Trails Phases III, IV, V and VI, located in a portion of Maricopa County, Arizona, subject to compliance with the following conditions:

1. To require Liberty to charge its existing rates and charges in the proposed extension area.
2. To require Liberty to file with Docket Control, a copy of the county franchise agreement for the extension area as a compliance item in this docket no later than December 31, 2017.
3. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase III Development area no later than December 31, 2024.
4. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase III Development area no later than 36 months after obtaining the Approval to Construct from Arizona Department of Environmental Quality ("ADEQ").
5. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase IV Development area no later than December 31, 2028.
6. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the

Phase IV Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.

7. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase V Development area no later than December 31, 2032.
8. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase V Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.
9. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase VI Development area no later than December 31, 2036.
10. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase VI Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.
11. That after Liberty complies with Requirement Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 10, Liberty shall make a filing stating so. Within 60 days of this filing, Staff shall file a response. The Commission should schedule this item for a vote to grant the CC&N, to Zanjero Trails Phases III, IV, V and VI Developments, as soon as possible after Staff's filing that confirms Liberty's compliance with the requirements Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 10. If Liberty does not comply with any one of Requirements Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 10 within the time specified, the Order Preliminary shall be null and void, and this docket shall be closed.

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INTRODUCTION

On July 10, 2015, Liberty Utilities (Litchfield Park Water and Sewer), Corp. ("Liberty" or "Applicant" or "Company") filed an Application for extension of its Certificates of Convenience and Necessity ("CC&N") with the Arizona Corporation Commission ("ACC" or "Commission") to provide wastewater utility service, to a portion of Maricopa County.

On July 28, 2015, Maricopa County Municipal Water Conservation District Number One ("MWD") filed its Application to Intervene. On August 7, 2015, MWD was granted intervention by Procedural Order.

On January 11, 2016, Staff informed Liberty that its application was sufficient for administrative purposes. Hearing is set for April 5, 2016.

BACKGROUND

Liberty is an Arizona corporation in good standing with the Commission's Corporation Division. Liberty provides water and wastewater utility service to the public in communities within the cities of Litchfield Park, Goodyear, and Avondale, and in adjacent unincorporated areas of Maricopa County in the west Phoenix valley, west of Agua Fria River and north of Interstate Highway 10. Liberty's affiliates provide services in Santa Cruz County, Cochise County, and Pinal County. Currently, Liberty provides water utility service to approximately 18,400 customers and wastewater utility service to approximately 20,500 customers.

Liberty is wholly owned by Liberty Utilities (Sub) Corp., a Delaware corporation, which is a wholly owned subsidiary of Liberty Utilities Co., a Delaware corporation. Liberty's ultimate parent is Algonquin Power & Utilities Corp., a Canadian corporation whose shares are traded on the Toronto Stock Exchange.

THE WASTEWATER SYSTEM

Liberty owns and operates its Palm Valley Water Reclamation Facility ("WRF"); two lift stations ("LS") and a collection system. Palm Valley WRF has a treatment capacity of 5.1 million gallon per day ("MGD") and has received an Approval to Construct for Palm Valley WRF to expand its treatment capacity from 5.1 MGD to 6.55 MGD, on April 30, 2015. Liberty intends to finance the wastewater facilities through a combination of contributions, advances in aid of construction ("AIAC") (Hook-up Fees) made by MWD and/or subsequent developers, as well as capital improvements (equity) paid by Liberty.

Attachment A is Staff's Engineering Report which describes Liberty's current wastewater system, the proposed wastewater plan, the projected wastewater construction schedule and the costs to serve the requested area. The report includes the finding that Liberty is in compliance with the Commission decisions. The report indicates that Arizona Department of Environmental Quality ("ADEQ") has determined that Liberty's Palm Valley WRP was not in violation at a level at which ADEQ will take an action or issue a Notice of Opportunity to Correct or Notice of Violation

and/or is in compliance with the Order/Judgment.¹ The report also indicates that Liberty's wastewater system has adequate treatment capacity to treat the existing customer base. Further, that the proposed wastewater plan by Liberty is appropriate and the costs are reasonable. No "used and useful" determination of the proposed plants was made, and no conclusions should be inferred for future rate making or rate base purposes.

Staff recommends that Liberty file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase I Development area no later than December 31, 2017.

Staff recommends that Liberty file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase II Development area no later than December 31, 2021.

The Palm Valley WRF expansion should be completed prior to Phases I and Phase II build out. Therefore, Staff further recommends that Liberty file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the Palm Valley Water Reclamation Facility expansion to 6.55 MGD no later than December 31, 2022.

EPCOR Water Arizona, Inc. – Agua Fria Water District ("EPCOR") will provide water service. The Zanjero Trails development is located within EPCOR's service territory.

PROPOSED RATES

Liberty intends to provide wastewater utility service to the extension area under its authorized rates and charges.

HOOKUP FEE TARIFFS

Liberty has an approved Offsite Hookup Fee Tariff for wastewater on file.

FRANCHISE

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority, authorizing the use of public roads or lands to construct, install, operate and maintain a water and/or wastewater system. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

Liberty did not file, in the docket, a copy of the franchise agreement it had entered into with Maricopa County, for its proposed extension area.

¹ ADEQ Compliance Status Report dated July 28, 2015.

REQUEST FOR SERVICE

The entire Zanjero Trails development is owned by MWD. MWD requested wastewater service from Liberty. A request for service is fundamental in determining whether a need for a CC&N exists. On August 7, 2015, MWD was granted intervention by Procedural Order.

PROPOSED EXTENSION AREA

Liberty is requesting Commission approval to serve Zanjero Trails development, located within Sections 4, 9 and 16 of Township 2 North, Range 2 West and in Sections 28 and 33 of Township 3 North, Range 2 West. The requested area is bounded by Perryville Road on the east, Peoria Avenue on the north, Camelback Road on the south and Beardsley Canal on the west. Zanjero Trails development consists of approximately 1,740 acres and will have a total of 4,595 residential dwelling units and 4,894 equivalent dwelling units² at build out. The requested area is in the unincorporated area of Maricopa County, approximately two miles west of Loop 303 and three miles north of I-10, near City of Goodyear. Attachment B contains a map which shows the portion of Maricopa County.

The requested area will be developed in phases. Phase I is planned for 806 single family homes and is located in the southern portion of the requested area, bounded by Perryville Road, Camelback Road, Bethany Home Road and Beardsley Canal. Phase II is located north of Phase I and is bounded by Perryville Road, Glendale Avenue, Bethany Home Road and Beardsley Canal. Phase II is planned for 628 single family homes. Phase III is planned for 641 single family homes; Phase IV is planned for 934 single family homes; Phase V is planned for 841 single family homes; and Phase VI is planned for 484 single family homes. The expected build out period is over 20 years.

STAFF ANALYSIS

A.R.S. §40-282(D) permits the issuance of an Order Preliminary and the process has been used by the Commission. Staff believes there are circumstances where the issuance of an Order Preliminary is the most logical and reasonable course of action, such as instances where a number of issues remain unresolved and subject to future events outside of the Applicant's control, through no fault of the Applicant, and where there is a need to provide a degree of certainty as to whether a given Applicant should be granted approval subject to the occurrence of anticipated events.

Staff believes that the construction planning horizon should be based on a reasonable projection of growth. In this matter, Staff has assumed a reasonable projection of growth exists through 2025 (ten years). Staff selected ten years as a reasonable construction planning horizon. Phase I and II construction is projected to be completed within ten years. Staff believes the timing of construction in Phases III through VI is a lot more speculative and uncertain (over 20 years). Because the landowner has demonstrated need and requested service and in light of the magnitude of the requested area, the current economic conditions, the expected build out period and the fact

² This includes schools, restaurants, commercial, multi-family homes and light industrial users.

that the timing of the construction in Phases III through VI is speculative, Staff believes granting an Order Preliminary to a CC&N is appropriate for Phases III through VI.

Under Staff's proposal, the Order Preliminary would impose certain requirements on the Company that must be satisfied prior to the issuance of a subsequent "Final Order" by the Commission formally granting the requested CC&N extension, for Phases III through VI, to Liberty.

Staff believes that this matter presents a unique sets of facts that warrants the issuance of an Order Preliminary for Phases III through VI of the requested area. Granting an Order Preliminary will enable Liberty to move forward with its preliminary plans for serving the proposed extension area, and will enable MWD to have additional certainty regarding the provision of wastewater utility service. As such, preliminary approval will enhance the ability of MWD to maximize the price obtained for the land, thereby providing a benefit to the taxpayers. Granting an order preliminary in this case will also allow Liberty to wait until the developer's plans are known before installing facilities necessary to serve the extension area and to secure other necessary regulatory approvals. In addition, issuance of the Order Preliminary will enable the Commission to maintain oversight of the process to ensure that all requirements have been met prior to granting final approval of the CC&N extension for Phase III through VI. Once Staff has determined Liberty's compliance with the conditions discussed herein, the Commission will have a further opportunity to review Staff's recommendation and issue a Final Order for Phase III through VI in this proceeding.

Staff would note that the water service CC&N was issued to Agua Fria Water Company (the predecessor to EPCOR), 55 years ago, by the Commission, on August 4, 1961, in Decision No. 33311. To date the property has not been developed.

RECOMMENDATIONS

Zanjero Trails Phases I and II

Staff recommends the Commission approve Liberty's application for extension of its CC&N for wastewater service to Zanjero Trails Phases I and II, located in a portion of Maricopa County, Arizona, subject to compliance with the following conditions:

1. To require Liberty to charge its existing rates and charges in the proposed extension area.
2. To require Liberty to file with Docket Control an amended legal description for Phases I and II prior to the hearing in this matter.
3. To require Liberty to file with Docket Control an amended legal description for Phases III through VI prior to the hearing in this matter.

4. To require Liberty to file with Docket Control, a copy of the county franchise agreement for the extension area as a compliance item in this docket no later than December 31, 2017.
5. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase I Development area no later than December 31, 2017.
6. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase II Development area no later than December 31, 2021.
7. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the Palm Valley Water Reclamation Facility expansion to 6.55 MGD no later than December 31, 2022.

Staff further recommends that the Commission's Decision granting this extension of CC&N to Liberty, for Zanjero Trails Phases I and II, be considered null and void, after due process, should Liberty fail to meet Conditions Nos. 3, 4, 5, 6 and 7 within the time specified.

Zanjero Trails Phases III, IV, V and VI

Staff recommends the Commission issue an Order Preliminary to Liberty for extension of its CC&N for wastewater service to Zanjero Trails Phases III, IV, V and VI, located in a portion of Maricopa County, Arizona, subject to compliance with the following conditions:

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3. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase III Development area no later than December 31, 2024.
4. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase III Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.
5. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase IV Development area no later than December 31, 2028.

6. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase IV Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.
7. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase V Development area no later than December 31, 2032.
8. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construction for the first parcel served in the Phase V Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.
9. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval to Construct for the first parcel served in the Phase VI Development area no later than December 31, 2036.
10. To require Liberty to file with Docket Control, as a compliance item in this docket, a copy of the Certificate of Approval of Construct for the first parcel served in the Phase VI Development area no later than 36 months after obtaining the Approval to Construct from ADEQ.
11. That after Liberty complies with Requirement Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 10, Liberty shall make a filing stating so. Within 60 days of this filing, Staff shall file a response. The Commission should schedule this item for a vote to grant the CC&N, to Zanjero Trails Phases III, IV, V and VI Developments, as soon as possible after Staff's filing that confirms Liberty's compliance with the requirements Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 10. If Liberty does not comply with any one of Requirements Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 10 within the time specified, the Order Preliminary shall be null and void, and this docket shall be closed.

MEMORANDUM

DATE: February 8, 2016

TO: Blessing N. Chukwu
Executive Consultant III

FROM: Dorothy Hains, P. E. *DH*
Utilities Engineer

RE: The Application of Liberty Utilities (Litchfield Park Water and Wastewater) Corp.
For Approval of An Extension Of A Certificate Of Convenience and Necessity To
Provide Wastewater Utility Service In Maricopa County, Arizona (Docket No. SW-
01428A-15-0259)

BACKGROUND

On July 10, 2015, Liberty Utilities (Litchfield Park Water and Sewer) Corp. ("Applicant" or "Liberty") filed an application (Docket No. SW-01428A-15-0259) for an extension of its wastewater Certificate of Convenience and Necessity ("CC&N") to serve the Zanjero Trails development which is located within Sections 4, 9 and 16 of Township 2 North and Range 2 West and in Sections 28 and 33 of Township 3 North and Range 2 West. It is anticipated that the requested area of 1,740 acres will have a total of 4,595 residential dwelling units and 4,894 equivalent dwelling units¹ at build out. The requested area is surrounded by Perryville Road, Peoria Avenue, Camelback Road and Beardsley Canal in the west Valley near City of Goodyear. Construction of the offsite and onsite facilities will be financed through a combination of contributions and advances in aid of construction via Hook-up fees paid by Maricopa County Municipal Water Conservation District Number One and/or subsequent developers, as well as capital improvements paid by the Applicant.

II. PROPOSED WATER PLAN

EPCOR Water Arizona Inc. – Agua Fria Water District will provide water service to the requested area.

III. PROPOSED WASTEWATER PLAN

The wastewater from the requested area will be treated by Palm Valley Water Reclamation Facility ("PVWRF") which is owned and operated by the Applicant. Based on wastewater flow data for PVWRF from June 2014 to May 2015, maximum peak day flow was 4.4 million gallons per day ("MGD"). At present time, PVWRF has a treatment capacity of 5.1 MGD, however, the Applicant received an Approval to Construct for PVWRF to expand its treatment capacity from 5.1 MGD to 6.55 MGD on April 30, 2015.

¹ This includes schools, restaurants, commercial, multi-family homes and light industrial users.

The Applicant plans a total of six phases of sewer improvement projects in the requested area at an estimated cost of approximate 23 million dollars. The following table illustrates the estimated construction cost and the year construction is projected to start in each phase.

Phase No.	Year construction is projected to start	Estimated total construction cost (\$)
I	2017	4,572,357
II	2021	3,576,501
III	2025	3,689,492
IV	2029	4,414,517
V	2033	3,789,128
VI	2037	2,702,645
Total		22,744,640

The Applicant proposes to begin Phase I construction in 2017 and complete construction in 2021. The Applicant plans to construct Phase II in 2021 and complete construction in 2025. In the next Paragraph, detailed construction of Phase I and Phase II will be discussed.

Phase I and II Wastewater Infrastructure Improvement Plans²

Phase I contains 806 single family homes and is located in an area bounded by Perryville Road, Camelback Road, Bethany Home Road and Beardsley Canal. The Applicant estimates a daily average flow of 277,345 gallons per day ("GPD") from Phase I at build out. The Applicant anticipates that Phase I construction will begin in 2017. The estimated costs to install Phase I infrastructure is \$4,572,357. Sewage will be collected through on-site sewer lines which will be connected to existing manholes on Camelback Road between Beardsley Canal and Perryville Road, from there sewage is gravity flow to PVWRF.

Phase II contains 628 single family homes and is located in an area bounded by Perryville Road, Bethany Home Road, Beardsley Canal and Glendale Road. The Applicant estimates a daily average flow of 160,250 GPD from Phase II at build out. The Applicant anticipates that Phase II construction will begin in 2021, the estimated costs to install Phase II infrastructure is about \$3,576,501. Sewage will be collected through on-site sewer lines which will be connected to manholes in Phase I on Bethany Home Road, from there sewage is gravity flow to PVWRF.

² Staff believes that the construction planning horizon should be based on an accurate projection of growth. In this matter Staff has assumed an accurate projection of growth exists through 2025 (ten years). Staff selected ten years as a reasonable construction planning horizon. Phase I and II construction is projected to be completed within ten years. Staff believes the timing of construction in Phases III through VI is a lot more speculative and uncertain.

Estimated Construction Costs

Estimated Engineering Costs For Phase I Wastewater Infrastructure

Project Description	Estimated Costs by the Applicant (\$)
Off-site Perryville Road Truck Sewer (south of Bethany Homes Road)	
4,583' 15" SDR 35 PVC (@ \$50/ft) & backfill material	229,150
677' 18" SDR 35 PVC (@ \$50/ft) & backfill material	33,850
Thirteen 60" diameter manholes (@ \$4,000/unit)	52,000
Others (testing, camera logging)	7,210
Others (40" steel casing /Jack and Bore sewer line & connect to existing plant)	12,500
subtotal	334,710
On-site Sewer Trunk Lines	
53,154' 8" SDR 35 PVC (@ \$24/ft) & backfill material	1,275,456
Two hundred ninety six 60" diameter manholes (@ \$4,000/unit)	1,184,000
7 sewer Stub out (\$300/unit)	2,100
13 connection to existing plants (\$500/unit)	6,500
Others (testing, camera logging)	97,544
1,067 4" services	506,825
subtotal	3,072,425
Grading & Paving	
20 square yards of 5" AC on 7" ABC (\$35/square yard)	700
Traffic Control	5,000
subtotal	5,700
Misc.	200
Testing	
Soil/compaction test	68,256.7
Consultant Services	
Management fee	120,754.45
Engineering design	24,985
Construction staking	85,320.88
surveying	4,156
subtotal	235,216.32
Permit Fees	123,304.23
Plan Review & Processing Fees	99,000

Clean up	
56,404' Hydro-Vac clean (@ \$0.5/ft)	29,202
5,260' dust control (@ \$1.00/ft)	5,260
5,260' Final walk (@ \$1.00/ft)	2,630
subtotal	37,092
Printing	5,000
One-year warranty (1% of \$3,450,127)	34,501
Sales Tax (4.095% of \$3,450,127)	141,283
Contingency (10% of \$4,156,688)	415,669
Total Costs of Phase I Wastewater Construction Plan	4,572,357

Estimated Engineering Costs For Phase II Wastewater Infrastructure

Project Description	Estimated Costs by the Applicant (\$)
Sewer Line Extension on Perryville Road	
5324' 15" SDR 35 PVC (@ \$50/ft) & backfill material	266,200
fourteen 60" diameter manholes (@ \$4,000/unit)	56,000
One connection to existing sewer truck line (@ \$500/unit)	500
Others (testing, camera logging)	7,424
Others (40' steel casing /Jack and Bore sewer line & connect to existing plant @ \$12,000/unit)	12,000
subtotal	342,124
On-site Sewer Trunk Lines	
42,492' 8" SDR 35 PVC (@ \$24/ft) & backfill material	1,019,808
Two hundred thirty seven 60" diameter manholes (@ \$4,000/unit)	948,000
5 sewer Stub out (\$300/unit)	1,500
7 connection to existing plants (\$500/unit)	3,500
Others (testing, camera logging)	78,042
628 4" services	298300
subtotal	2,349,150
Testing	
Soil/compaction test	53,825

Consultant Services	
Management fee	95,311
Engineering design	25,289
Construction staking	67,282
surveying	4,195
subtotal	192,076
Permit Fees	98,050
Plan Review & Processing Fees	40,500
Clean up	
47,816' Hydro-Vac clean (@ \$0.5/ft)	23,908
5,324' dust control (@ \$1.00/ft)	5,324
5,324' Final walk (@ \$0.5/ft)	2,662
subtotal	31,894
Printing	5,000
One-year warranty (1% of \$2,723,168)	27,232
Sales Tax (4.095% of \$2,723,168)	111,514
Contingency (10% of \$3,251,365)	325,136
Total Costs of Phase II Wastewater Construction Plan	3,576,501

Staff concludes that the listed system improvements are appropriate and the costs are reasonable. No "used and useful" determination of the proposed plant was made, and no conclusions should be inferred for future rate making or rate base purposes.

Staff recommends that Liberty file with Docket Control, as a compliance item in this docket, a copy of the Approval of Construction ("AOC") for the first parcel served in the Phase I Development area by December 31, 2017 and for the first parcel served in the Phase II Development area by December 31, 2021.

The PVWRF expansion should be completed prior to Phases I and Phase II build out. Therefore, Staff further recommends that Liberty file with Docket Control, an AOC for the Palm Valley Water Reclamation Facility expansion to 6.55 MGD by December 31, 2022.

IV. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Staff received a compliance status report for PVWRF dated July 28, 2015, in which ADEQ has determined that as of this date the facility was not in violation at a level at which ADEQ would take an action or issue a Notice of Opportunity to Correct or Notice of Violation and/or is in compliance with the Order/Judgment.

V. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check of the Commission's Compliance Section database dated July 17, 2015, indicates there is no delinquent compliance items for the Applicant.

VI. MARICOPA COUNTY ENVIRONMENTAL SERVICES DEPARTMENT ("MCESD") COMPLIANCE

MCESD, acting as the formally delegated agent of ADEQ has reported in a Compliance Status Report dated July 23, 2015, that EPCOR's Agua Fria system operating under public water system ("PWS") No. 07-695 has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

SUMMARY

Recommendations


1. Staff recommends that Liberty file with Docket Control, as a compliance item in this docket, a copy of the AOC for the first parcel served in the Phase I Development area by December 31, 2017 and for the first parcel served in the Phase II Development area by December 31, 2021.
2. Staff further recommends that Liberty file with Docket Control, an AOC for the Palm Valley Water Reclamation Facility expansion to 6.55 MGD by December 31, 2022.
3. Staff further recommends that the Company to docket the ATC for the first parcel for Phase III by December 31, 2024, the ATC for the first parcel for Phase IV by December 31, 2028, the ATC for the first parcel for Phase V by December 31, 2032, and the ATC for the first parcel for Phase VI by December 31, 2036.
4. Staff would also recommend that the Company be required to file an AOC for the first parcel in Phases III, IV, V and VI within time period to be determined by Staff.


Conclusions

1. Staff concludes that PVWRF has adequate treatment capacity to serve the existing customer base.
2. Staff concludes that the listed system improvements for Phase I and Phase II Wastewater Infrastructures are appropriate and the costs are reasonable. No "used and useful" determination of the proposed plant was made, and no conclusions should be inferred for future rate making or rate base purposes.
3. A check of the Commission's Compliance Section database dated July 17, 2015, indicates there is no delinquent compliance items for the Applicant.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Lori H. Miller 
GIS Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: August 7, 2014

RE: LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) – DOCKET NO.
SW-01428A-15-0259)

The area requested by Litchfield Park Water & Sewer for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached is a copy of the map for your files.

/lhm

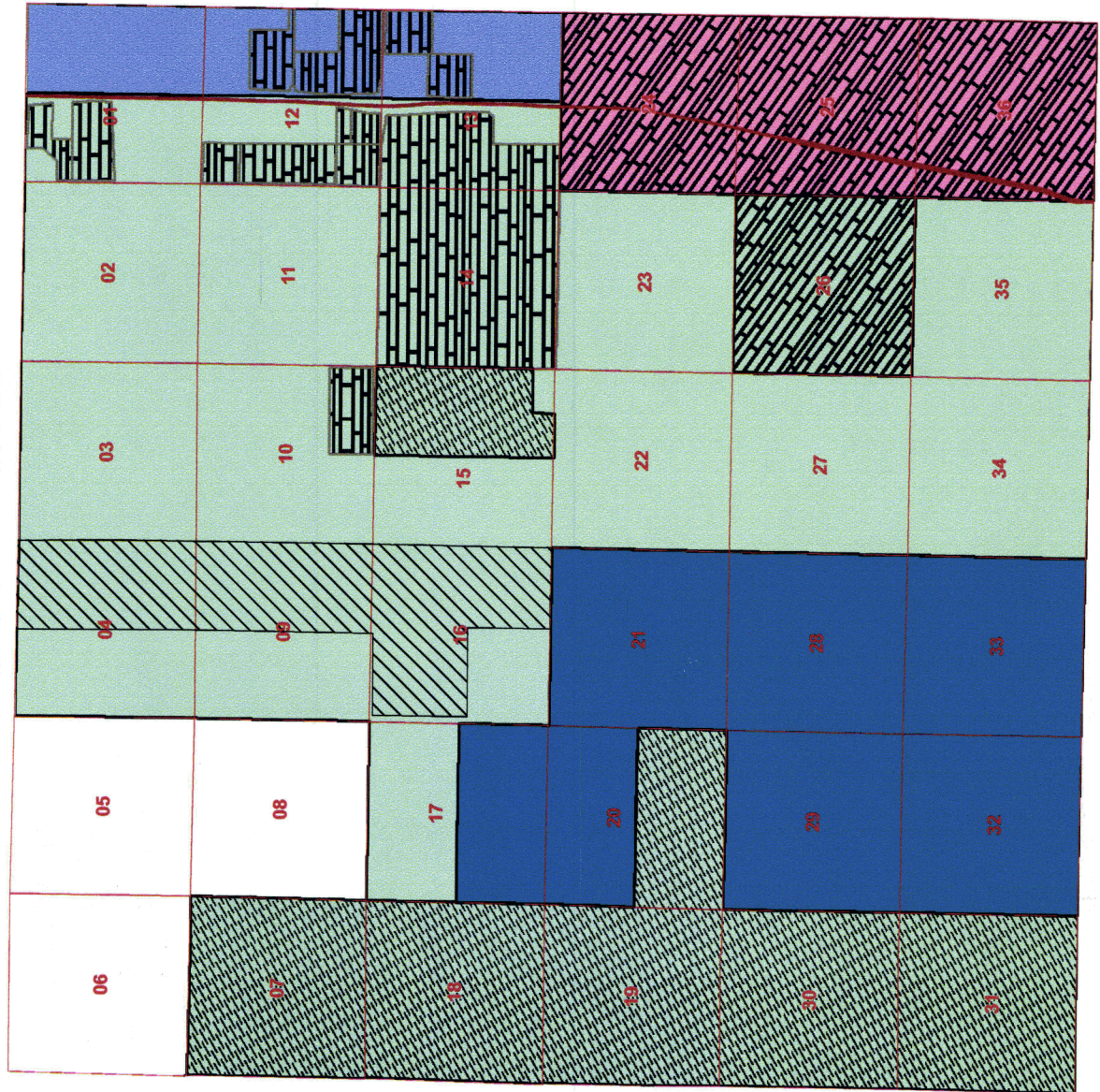
Attachments

cc: Mr. Jay L. Shapiro
Ms. Dorothy Hains
Ms. Deb Person (Hand Carried)
File

MARICOPA COUNTY

RANGE 2 West

TOWNSHIP 2 North



- W-01997A (2)
Adamant Mutual Water Company
- WS-01303A (14) (8)
EPCOR Water Arizona, Inc. (Agua Fria)
- W-01445A (3)
Arizona Water Company (White Tanks)
- W-01427A (4)
Litchfield Park Service Company
- SW-01428A (4)
Litchfield Park Service Company

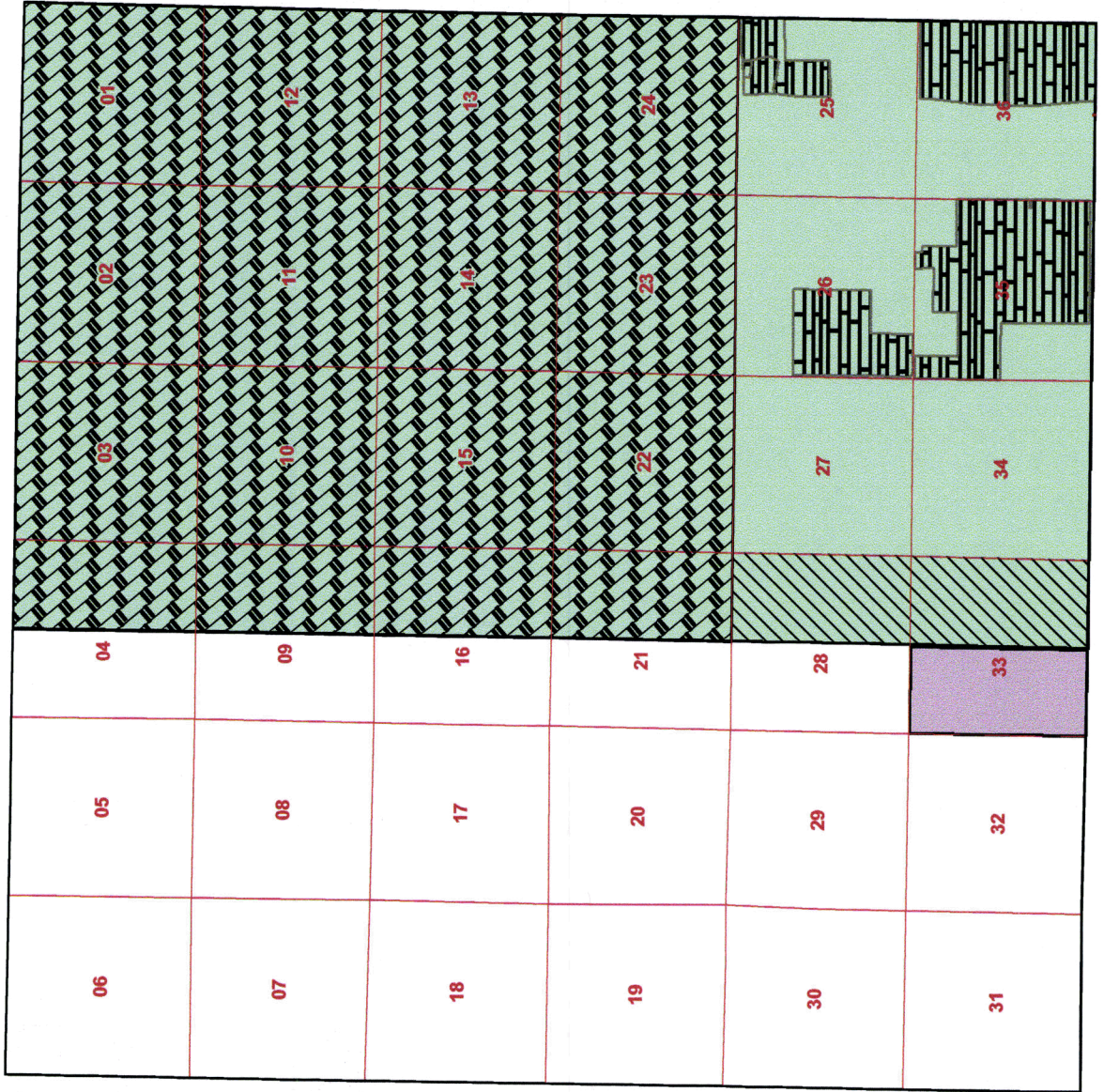
- (4)
EPCOR Water Arizona, Inc.
Docket No. WS-01303A-15-0018
Request for CC&N
- (2)
Liberty Utilities
(Litchfield Park Water & Sewer)
Docket No. SW-01428A-15-0259
Request for CC&N Extension



Prepared by:
Arizona Corporation Commission
Utilities Division
Engineering Section/GIS Mapping
602-542-4251

RANGE 2 West

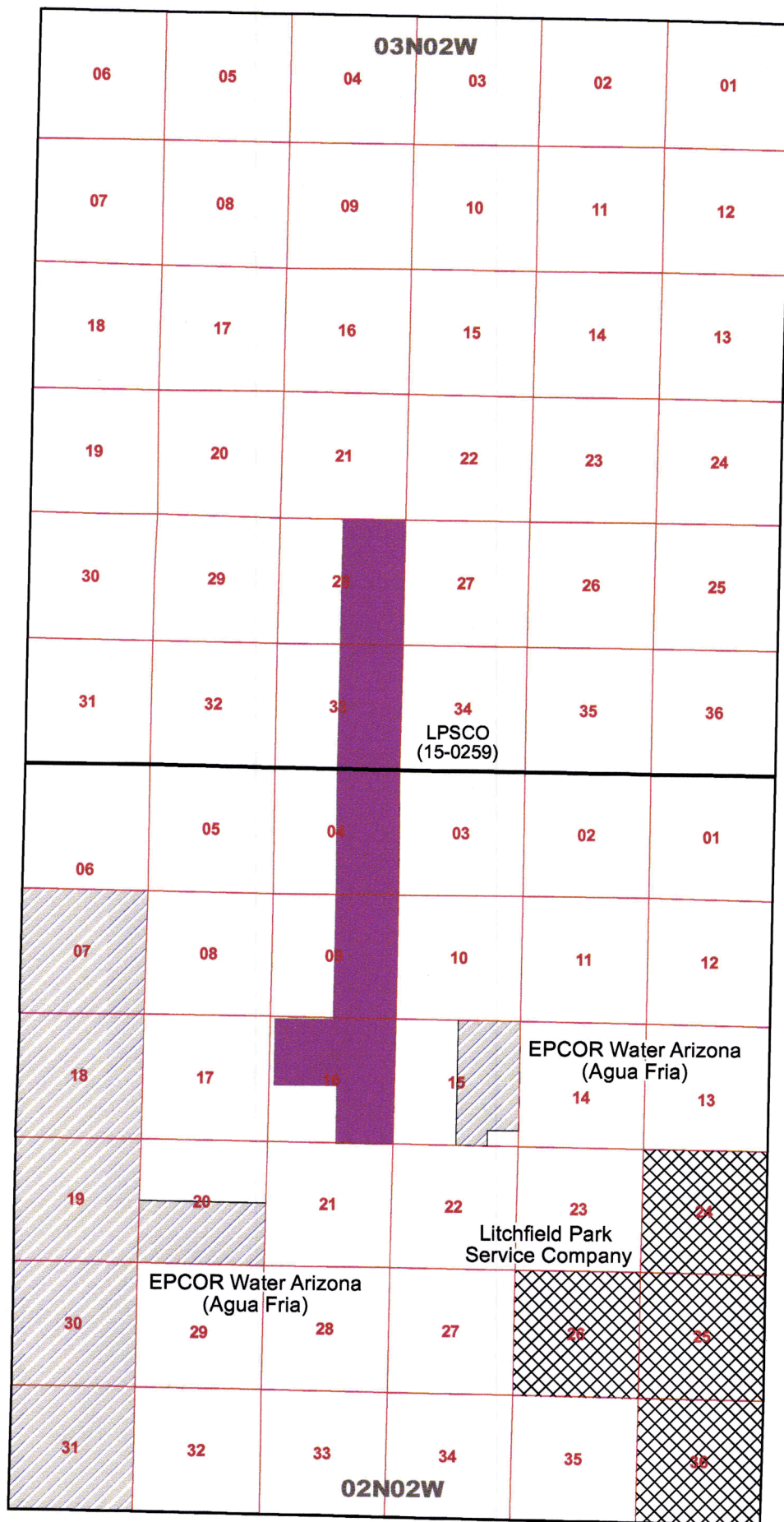
TOWNSHIP 3 North



- WS-01303A (14) (8)
EPCOR Water Arizona, Inc. (Agua Fria)
- W-01212A (6)
Valencia Water Company, Inc.
- (4)
City of Surprise (Nonjurisdictional)

- (4)
EPCOR Water Arizona(4) Inc.
Docket No. WS-01303A-15-0018
Request for CC&N
- (2)
Liberty Utilities
(Litchfield Park Water & Sewer)
Docket No. SW-01428A-15-0259
Request for CC&N Extension





LEGAL DESCRIPTION
Zanjero Trails - Legal Description
(Liberty CC&N Expansion)

Parcel 1:

Portions of land situated within Sections 28 & 33 of Township 3 North, Range 2 West and Sections 4, 9, & 16 of Township 2 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, being more particularly described as follows:

Beginning at a Flush Brass Cap (MCDOT) accepted as the Northeast corner of said Section 28;

Thence, South 00°20'19" West, 2638.46 feet along the east line of said section to a Masonry Nail accepted as the East 1/4 corner of said section 28;

Thence, continuing along said east line, South 00°21'13" West, 2635.60 feet to a Flush Brass Cap accepted as the Southeast corner of said section;

Thence, South 00°22'08" West, 2640.72 feet along the east line of said Section 33 to an Aluminum Cap stamped 2003 accepted as the East 1/4 corner of said Section 33;

Thence, continuing along said east line, South 00°21'40" West, 2639.95 feet to an Aluminum Cap stamped 2009 accepted as the Southeast corner of said Section 33;

Thence, South 00°33'38" East, 2640.27 feet along the east line of said Section 4 to a Brass Cap stamped LS 33307 accepted as the East 1/4 corner of said Section 4;

Thence, continuing along said east line, South 00°33'48" East, 2630.48 feet to a Brass Cap in Handhole stamped MCDOT 2003 accepted as the Southeast Corner of said section 4;

Thence, South 00°23'42" West, 5273.14 feet along the east line of said Section 9 to a 3" Aluminum Cap stamped FCD 2009 accepted as the Southeast corner of said Section 9;

Thence, South 00°24'28" West, 2637.84 feet along the east of Section 16 to a Flush Brass Cap stamped MCDOT accepted as the East 1/4 of said Section 16;

Thence, continuing along said east line, South 00°24'32" West, 2637.33 feet to a found Brass Cap in Handhole stamped SE COR SEC 16 T2N R2W accepted as the Southeast corner of said Section 16;

Thence, leaving said east line, North 89°36'46" West, 2529.49 feet along the south line of said Section 16 to a found Brass Cap stamped S1/4 S16 accepted as the South 1/4 corner of said Section 16;

Thence, North 00°30'54" East, 2464.95 feet along the north-south of said Section 16;

Thence, North 89°51'17" West, 2654.20 feet along a line 162.00 feet south of and parallel with the east-west mid-section line of said Section 16 to a point on the west line of said Section 16;

Thence, along said west line, North 00°23'25" East 162.00 feet to a found Flush Brass Cap stamped MCDOT accepted as the West 1/4 corner of said Section 16;

Thence, continuing along said west line, North 00°30'12" East, 2635.21 feet to a found Flush Brass Cap stamped MCDOT 2003 accepted as the Northwest corner of said Section 16;

Thence, South 89°50'46" East, 2655.09 feet along the north line of said Section 16 to a Flush Brass Cap stamped MCDOT 2003 accepted as the North 1/4 corner of said Section 16;

Thence, North 89°46'46" East, 75.00 feet to a line 75 feet east of and parallel with the west line of the east half of said Section 9;

Thence, North 00°27'02" East, 5268.31 feet along a line 75 feet east of and parallel with the west line of the east half of said Section 9;

Thence, North 00°44'08" West, 5280.79 feet along a line 75 feet east of and parallel with the west line of the east half of said Section 4;

Thence, North 00°21'39" East, 5282.64 feet along a line 75 feet east of and parallel with the west line of the east half of said Section 33;

Thence, North 00°20'37" East, 5276.35 feet along a line 75 feet east of and parallel with the west line of the east half of said Section 28;

Thence, South 89°42'03" East, 2564.43 feet along the north line of said Section 28 to the **POINT OF BEGINNING**.

Parcel 1 as described hereon contains 75,288,064 sq.ft. or 1728.38 acres, more or less.

This description shown hereon is not to be used to violate subdivision regulations of the state, county and/or municipality of any other land division restrictions.

Prepared by: HilgartWilson
2141 E Highland Ave., Suite 250
Phoenix, AZ 85016
Project No. 1078
Date: January 2015

